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U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

December 16, 2004

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Ms. Suze Orman
C/O Amanda Urban
ICM
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Dear Ms. Orman:

We are writing in response to your comments on the implementation of the Check Clearing for the 21st Century Act of 2003 (Check 21). In your column which is posted on the Yahoo Finance webpage, you state that Check 21 is a gift to the banking industry and has no benefit to consumers. We respectfully disagree.

Since we share your goals of financial literacy and financial responsibility on the part of all Americans, it is important to clarify that Check 21 holds many benefits for consumers.

In the confusing days after America was attacked on September 11, 2001, it was apparent that while our nation's financial system withstood the blow, there were vulnerabilities in that system that needed to be evaluated and addressed. One such problem was that the transportation of paper checks came to a grinding halt. This created an undue burden on consumers who needed those checks to be cleared in time to meet payment deadlines.

Check 21 addresses the antiquated and wasteful system of transporting paper checks around the country with the added benefit of cutting down on fraud by eliminating the possibility that a paper check could fall into the wrong hands while being transported. The current system uses the equivalent of the pony express, when technology allows for a quick and secure electronic system. This law will bring the check payment system into the 21st Century. Additionally, it will prevent future problems by updating banking laws to give electronic versions of checks the same legal validity as paper checks.

As you are well aware, a majority of consumers around the world have embraced the advent of ATMs and check cards. Most would agree that these products have added a great deal of convenience and benefit to people's lives. Consumers use these

tools with the awareness that there must be funds in their accounts and that they incur automatic drafts from their accounts. Check 21 simply brings paper checks in line with other services offered by all financial institutions. I think we can agree that a withdrawal, no matter what the mechanism for making it, should mean something. Also, consumers will benefit from easier record-keeping as they do when using an ATM or check card.

We understand and have responded to concerns about deposit hold times. Section 603 of the Expedited Funds Availability Act mandates that the Federal Reserve Board shall reduce the time periods for check holds to as short a time as possible for a bank to learn of non-payment. Furthermore, Section 16 of Check 21 requires the Federal Reserve Board to study the issues relating to check holds under the Expedited Funds Availability Act.


We recently wrote to banking industry representatives and to the Federal Reserve to express our view that holds on deposits for the purpose of generating interest income for financial institutions at their customers' expense will not be tolerated.

Responsible financial management means that neither consumers nor financial institutions should rely on the float. Check 21, which passed the House on bipartisan vote of 405-0, benefits both consumers and our national check-clearing system.

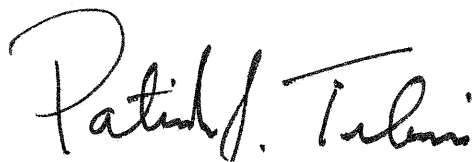
Yours truly,



Michael G. Oxley
Chairman



Spencer T. Bachus
Chairman
Subcommittee on
Financial Institutions
and Consumer Credit



Patrick J. Tiberi



Melissa A. Hart